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**The fate of small Danish municipalities in the knowledge and experience economy: degrees and forms of peripherality**

*Gateway issues of peripherality of border regions*

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**1. The periphery in the new economy.**

In Denmark the population of the city of Copenhagen boomed with 10.000 new inhabitants in 2009. This city attracts well educated, good tax payers. The same migration trend can be seen in relation to other capitals of Europe (Politiken 19. marts 2010). Allen Schott shows how the new economy of the United States is being 'ushered in via metropolitan areas at the top of the urban hierarchy' (Scott, 2008:787). Demographic and economic dynamics concentrate in big cities, and bigger seems to be better in the new economy. Processes of clustering of knowledge based industries, a big and varied labour market, and well developed amenities and infrastructures are key factors behind this concentration (Scott, 2000). The process of geographic concentration on the other hand means that the periphery must be growing. In the government discourse on Danish development East Jutland and the Copenhagen region are seen as dynamic centres of development (Miljøministeriet, 2006). The implication of this is that in Denmark small municipalities in some distance from large urban centres can be seen to lose population, workplaces, as well as public services such as healthcare, public schools, as well as public transportation, which has been documented in February-March 2010 by the Danish TV2. It can be argued that in the new economy the periphery is growing as a

result of global economic dynamics as well as of public policies based on centralisation and globalisation discourses. In today's knowledge based and culture economy issues related to the prospects of the periphery is therefore more urging than ever.

## **2. Four 'models' of peripherality**

In order to approach issues related to local development in the periphery it is useful to apply an approach which acknowledges that the periphery is, *relative, complex, differentiated and not least dynamic* (Lorentzen, 2010b). Each locality has its own characteristics and potentials. However it is useful to reduce the number of variations to a brief categorization, as for example the following.

- a. Non core regions near urban centres
- b. Non-core areas with natural, historical and leisure values
- c. Non-core regions where agriculture is a dominant activity
- d. Remote, distant areas with much migration flow

## **3. Peripheries of Northern Jutland in the new economy**

A recent study of experience economy, development and planning in Northern Jutland (Lorentzen & Krogh, 2009) analyses the dynamics, potentials and relative positions of 11 municipalities in Northern Jutland, which is the northern most region of Denmark. Five out of eleven municipalities are characterized by demographic decrease. Increasing populations are seen only in the capital of Aalborg and the neighbouring municipalities, which serve as suburbs for young families looking for cheap housing and green environment. Another characteristic is the very low level of qualifications which characterise the labour force of most of the municipalities. In eight of them about one third of the active labour force only has got 9 years of public school as education, which is evidently a problem for the development of new knowledge based and culture industries. Migration of young people for the university cities is part of the explanation of this situation.

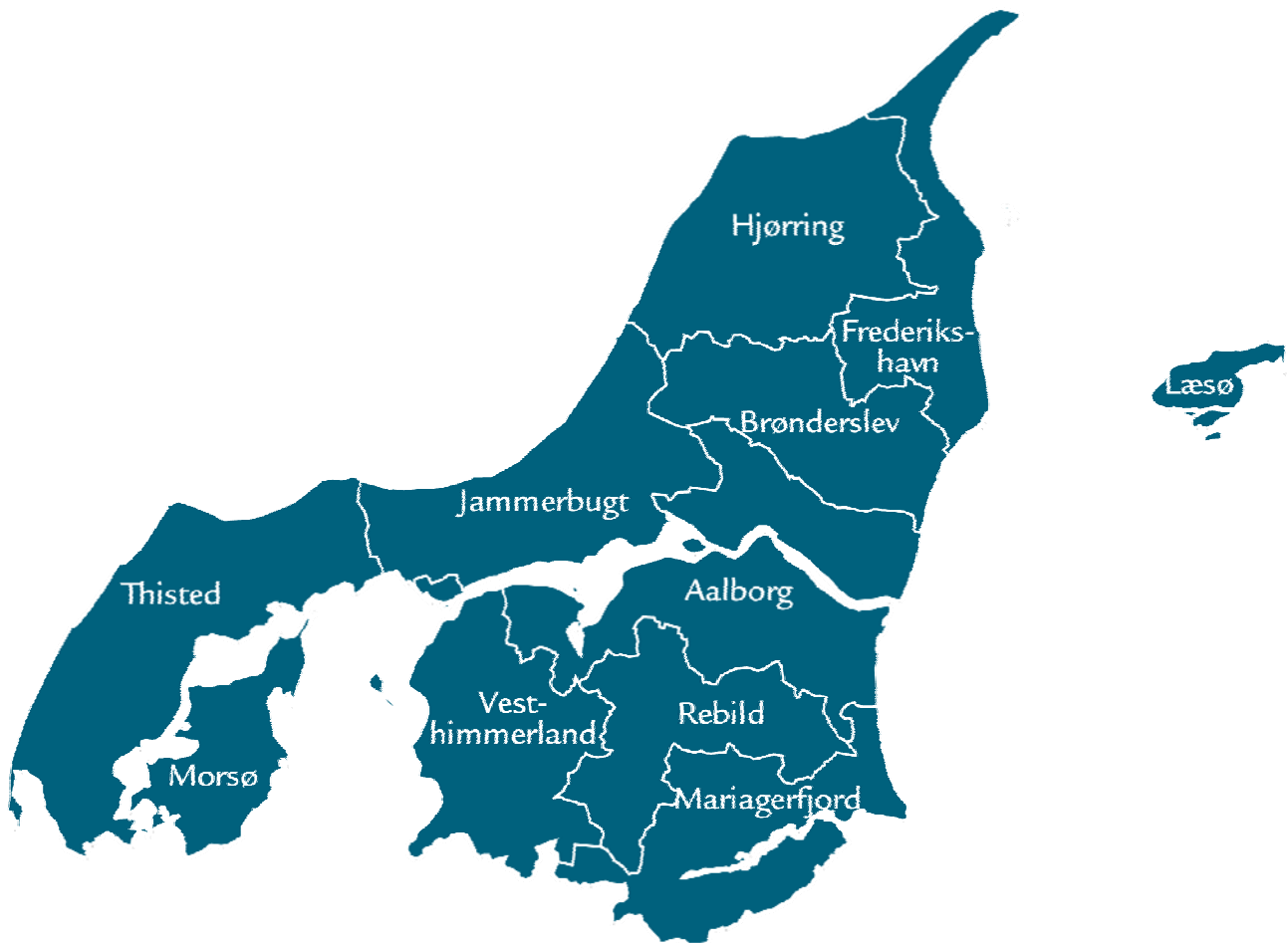


Figure 1. the Municipalities of Northern Jutland, Denmark

Source: Region Nordjylland

The analysis then focuses on the ‘experience economy’ (Pine II & Gilmore, 1999), which is an important part of the new economy. The question is if the experience economy represents a potential as lever for local development in the periphery? The experience economy focus on leisure and luxury consumption of the affluent (Tofler, 1970). The analysis focus on the dynamic and structure of the local experience economy and relates this to the corresponding development of the local knowledge economy. Experience economy is in this context understood as the attendance or place bound experience economy (Lorentzen, 2009) and is in the empirical analysis measured as employment in hotels, restaurants, culture and associations. Knowledge economy is measured as employment in business services, financial services and insurance.

Tabel (1) Oplevelseserhverv i Nordjylland, Danmark, København og Danmark udenfor København 2008 efter procentuel andel af beskæftigelsen		
Kilde: Baseret på Statistikbanken		
	Oplevelseserhverv i alt	Hotel og restaurant
Nordjylland	7,9	3,61
Danmark	8,33	3,24
Danmark udenfor København by	7,49	3,43
København by	13,45	5,01

Source: (Lorentzen, 2010a)

The analysis shows that the experience economy plays a considerable role in the region, while the knowledge economy is quite small. The experience economy consists mainly of tourism services, except in the regional capital of Aalborg and the two second tier cities, where it is more varied. The experience economy concentrates in Aalborg and the traditional tourist locations. The knowledge economy concentrates in Aalborg and in the two second tier cities, Hjørring and Frederikshavn. The analysis shows that a positive relationship between experience economy and knowledge economy can be seen only in the municipalities hosting big cities (regional capital and second tier cities). It also shows that a high presence of experience economy is not reflected in substantial demographic growth, except in Aalborg, the capital, where the Florida (Florida, 2002) hypothesis can find support. Amenity based growth (Clark, 2004) seems to be an entirely urban phenomenon, which cannot be exported to rural areas.

Tabel (2) Experience economy and knowledge economy in 11 municipalities of Northern Jutland 2008.

Share of employment (High vs low)

PBEE	<i>High share</i>	<i>Low share</i>
Knowledge economy		
<i>High share</i>	Aalborg Frederikshavn Hjørring Jammerbugt	Brønderslev Rebild
<i>Low share</i>	Læsø	Thisted Mariager Vesthimmerland Morsø

None core municipalities near urban centre (Brønderslev and Rebild) do have a relatively high share of knowledge economy, but low share of experience economy. This means that some knowledge based firms may locate in the vicinity of big cities, where the labour force also prefer to locate due to a combination of natural environment and good public services, accessibility to the local metropolis. There is less of a base for local experience economy as the demand for experience offerings is directed to the neighbouring metropolis. A low share of both experience economy and knowledge economy can be found in Thisted, Mariagerfjord, Vesthimmerland and Morsø municipalities. These can be characterised as non-core regions where agriculture is a dominant activity, however with some natural, historical and leisure values. They do not have the immediate potential to develop based on the new economy, and in particular Thisted and Morsø face difficulties due to their low accessibility. Finally the island of Læsø has a comparatively big experience economy, and no knowledge economy. Its complete remoteness is its potential as well as its problem, because low accessibility will prevent.

#### 4. Potentials of change

The analysis shows a clear difference between the small metropolitan area and each of the peripheries of Northern Jutland. Both the metropolitan area and the peripheries are characterised by industrial and demographic changes which imply that some of the peripheries suffer, while some obtain a comfortable role as suburb to the small metropolis. Experience and knowledge economy find different foundations in the different peripheries, but in general a mutual reinforcing dynamic can only be found in the metropolis. In the rural and remote peripheries experience economy is a nice supplement, but does not generate dynamics of industrial diversification. In the suburban municipalities the metropolis is main provider of experience offerings, which even seem to stimulate some industrial diversification in the suburban municipalities.

Interestingly all the municipalities of Northern Jutland have developed local development strategies which in different ways base their visions on the experience economy as driver of growth (Lorentzen & Krogh, 2009). This analysis shows that experience economy does not represent any high road to development. Outside of the metropolis it represents at most a nice supplement. There is no alternative to basic factors of development such as education and accessibility, which should be a major concern in the region in question.

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